

**SCOTTSDALE TOURISM DEVELOPMENT COMMISSION
CITY OF SCOTTSDALE
PINNACLE CONFERENCE ROOM AT HUMAN RESOURCES
7575 E. MAIN STREET
SCOTTSDALE, ARIZONA 85251
OCTOBER 16, 2012
REGULAR MEETING
APPROVED MINUTES**

PRESENT: Kathleen Glenn, Vice Chairwoman
Ace Bailey, Commissioner
Tom Enders, Commissioner
David Richard, Commissioner
David Scholefield, Commissioner

ABSENT: Michael Hoffmann, Chairman
Mike Surguine, Commissioner

STAFF: Steve Geiogamah
Rob Millar
David Smith
Paul Katsenes
Lee Guillory
Holli Shannon
Cindi Eberhardt

GUESTS: Rachel Pearson, SCVB
Casey Coulter, Intern
Bruce Hernandez, Behavior Research Center
Marc Miller, Scottsdale Charros
Ren Hirose, W Hotels
Naveen Dasari, Mayor's Youth Council
Ramit Gupta, Mayor's Youth Council

1. Call to Order/Roll Call

Noting the presence of a quorum, Vice Chairwoman Glenn called the regular meeting of the Scottsdale Tourism Development Commission to order at 8:00 a.m.

2. Approval of Minutes

- September 18, 2012 Meeting

COMMISSIONER BAILEY MOVED TO APPROVE THE MINUTES OF THE SEPTEMBER 18, 2012 MEETING. COMMISSIONER ENDERS SECONDED. THE MOTION CARRIED BY A VOTE OF FOUR (4) TO ZERO (0), WITH COMMISSIONER RICHARD ABSTAINING. COMMISSIONERS HOFFMANN AND SURGUINE WERE ABSENT.

3. Staff Liaison's Report

a. Staff Bed Tax Collection Report

Mr. Geiogamah reported that for the month of August, bed tax collections were down 2%. Year to date, collections were down 4%. Sales taxes were relatively flat at negative 1%. Miscellaneous retail sales tax revenue is up 9%, and restaurant is up 6%. By classification, resorts were down YTD by 9.8%. Full service was up 3.6%, while limited service was down 2.5%.

Vice Chairwoman Glenn inquired about the methodology behind lodging classifications. Mr. Geiogamah explained that Smith Travel Research serves as the model for classifications and definitions. Vice Chairwoman Glenn attributed the good performance of full service hotel sector to August staycations.

b. Bed Tax Proforma

Mr. Geiogamah highlighted aspects of the proforma, noting that the PGA Schwab Cup was added under Event Retention and Development. Lee Guillory said the FY2011/12 Actuals column now includes a \$50,000 offset for contributions to the Greenbrier study. Because of this additional revenue, the unspent carryover increased by \$50,000. The words, "City Council approved in April of 2012," were added under the Desert Discovery Center Phase III item.

c. Smith Travel Report

Mr. Geiogamah said occupancy year to date was up 1.4%, while the average daily rate was up 2% and RevPar up 3.5%. Group occupancy YTD was up 2.6%, ADR up 1.3%, and RevPar up 4%. He requested feedback on the value of the report. Commissioner Richard responded that the information gives the TDC a good read on what drives RevPar, and helps the SCVB know where to focus their efforts. The information will also assist in the evaluation of special events.

d. Program Updates

Mr. Geiogamah noted that Commissioner Richard's term ends in January 2013, and Commissioner Surguine's ends in November of 2012. On November 13, City Council will consider nominations for those two seats, and will make appointments on December 3. The planning meeting for the Five Year Strategic Plan will take place on November 1 and 2. About 75 invitations have been sent, resulting in 25 confirmations. Vice Chairwoman Glenn suggested condensing the meeting down to a half day, and said it is important that all aspects of the local tourism industry be well represented.

4. WestWorld TNEC Event Sales/Marketing

Paul Katsenes, Executive Director, Community & Economic Development, reviewed a list of new events that have been booked for the Tony Nelssen Equestrian Center (TNEC) at WestWorld. Events are broken into two categories, equestrian events and non-equestrian special events. They are also distinguished as either having signed a

contract or are expected to sign. Requests for proposals have been issued for larger events.

Commissioner Richard observed that the original proforma targeted 15 new events and asked how this list compared to that target. Mr. Katsenes responded that those events were not included because they are currently tied up in other contract cycles. Once they become available, staff intends to aggressively pursue them. In the meantime, staff is attempting to book as many shows as possible.

Commissioner Richard warned that too many one-day events could prevent bookings of multi-day events that would have a greater tourism impact. Mr. Katsenes responded that this list represents new shows and new income. Staff is driven to book multi-day events as a preference whenever there is an option. The RFP also emphasizes the preference for multi-day events that drive room nights. In the event of a conflict, staff will work hard to get the smaller event to move to a different day. David Smith said once the new construction is completed, the facility should generate \$2 million in new business each year. He reviewed projected revenue from the arena itself, not including ancillary revenue associated with it.

Vice Chairwoman Glenn suggested adding a column to track progress towards the goal of generating \$2 million per year. Commissioner Scholefield inquired about the number of events that signed contracts specifically because of the expansion project. The news could serve as a good success story to report to City Council. Mr. Katsenes agreed, and said anytime multiple shows are booked at the same time, that can be considered a success, because the facility never had that capability before. Marc Miller said the Scottsdale Charros Championship Bull Riding event was specifically delayed for one year in anticipation of the new facility. He noted that while it appears to be a one-day event, it actually produces three bed nights because many fans travel from event to event like NASCAR fans do. Commissioner Richard suggested that the city staff make an effort to survey WestWorld events as thoroughly as city-sponsored ones.

Vice Chairwoman Glenn said the Commission would better understand the facility's potential if they had a list of events that are actively being pursued. In response to an inquiry from Commissioner Enders, Mr. Katsenes said staff is proactively reaching out to show producers to sell the features of the new facility. A committee is meeting later in the day to discuss the responses to an RFP for an event-marketing consultant. Two responses were received. Both have national representation. The committee will try to reach consensus on a recommendation. City Council is expected to make a selection by December.

Ren Hirose, W Hotel, said events in the shoulder season are much more valuable than events during peak season. He inquired about the ability of the TNEC to attract shoulder season events. Mr. Katsenes responded that the Equidome used to be a nine-month facility. Now that it is enclosed and expanded, it will be possible to do two shows at a time in enclosed, air-conditioned facilities. This will expand booking opportunities to the entire year. Commissioner Richard cautioned against booking major events during Super Bowl weeks in the Valley. Not only do they create many logistical problems, but having the TNEC available during that week could generate much revenue for the city via associated events.

5. Baseball Festival Proposal

Mr. Geiogamah presented a request from the Scottsdale Charros for the Baseball Festival 2013. They are requesting \$75,000. The contract structure was modified this year. Mr. Geiogamah said the long-term goal is to grow the event to the point where it becomes a tourism driver that will be able to continue without direct investment from the city.

Marc Miller, Scottsdale Charros, said the Baseball Festival is scheduled for the weekend of February 16 and 17, 2013. Spring training starts early next year in order to accommodate first-round games of the 2013 World Baseball Classic. The Scottsdale Center for Performing Arts has agreed to accommodate the switch. Last year's event was free, but a \$5 admission fee will be charged this time. The budget for the interactive science and technical activities has been increased. The Play Ball museum experience, food, and bands will be included again this year. The festival will also feature a private party on Saturday night, which should generate extra revenue. Last year, the festival was able to push ticket sales to early spring training games as it drew attention to the start of the pre-season. The costs of staging has not been established yet, but fencing will be required this year as it transforms into an admission event.

Mr. Geiogamah noted that last year, Scottsdale had an advertisement impression value of \$126,000. This year the SCVB is setting aside \$45,000 related to marketing, but additional value will come from other ad placements above the city's event sponsorship. Mr. Miller added that the Charros have also budgeted \$66,000 for marketing the event.

Commissioner Scholefield said the change from complimentary to charged admission is a great step. He suggested that people who buy tickets to the Baseball Festival could qualify for a discount on spring training tickets in the first two weeks, or vice versa. Mr. Miller said such a policy would require approval of major league baseball teams. There is also hope that MLB will promote the World Baseball Classic at the festival.

Commissioner Scholefield suggested that the festival would be a perfect way to drive traffic to the hospitality trolley. He expressed concern that the marketing effort is almost entirely focused on Maricopa County, which will have little impact on room nights. Chairwoman Glenn agreed that there should be an end date to the seed money, and suggested it be considered under the event marketing program in future years. Mr. Katsenes said virtually all the Cactus League teams advertise in their home markets to bring fans to the Valley. Mr. Miller explained that the goal of the festival is to push spring training tickets at all Cactus League games.

Commissioner Richard suggested the possibility of directly marketing to San Francisco Giants and Colorado Rockies season ticket holders. Mr. Miller said the Charros have good relationships with Cactus League teams and can try to get their support. Mr. Geiogamah added that such a requirement could potentially be included as a deliverable in the Charros contract.

Ren Hirose said the festival would have a bigger impact on the first weekend of spring training, rather than a few days prior. The festival could also be mentioned during opening weekend games. Scottsdale could position itself as the home base for fans of all Cactus League teams. Mr. Miller said he wanted to have the festival on February 23,

but the San Francisco Giants expressed concerns about parking issues and traffic congestion.

Mr. Miller said the Charros want to make the event stand-alone with admission revenue this year, and hope that it can generate donations for charitable activities in the future. Commissioner Richard inquired about a venue change to avoid parking and traffic conflicts with the stadium. Mr. Miller said the venue's proximity to downtown businesses is an attraction. From a cost perspective, no stage is required at the current venue. As the event grows, a new venue could be considered.

Vice Chairwoman Glenn said the Commission could support the festival for another year, but there should be some built in stipulations regarding future funding. She expressed doubt that the event would generate bed tax or enhance the experience of guests who are already in Scottsdale. Commissioner Richard felt there is residual value in continuing to build up the spring training experience. It would be more effective if the event were held one week later, however. The festival is a good event, but \$30,000 would be consistent with the amount of funding provided to other new events. Mr. Geiogamah stated that in addition to room nights, the objective of the event support funding program is to enhance the destination itself. The city anticipates that the deliverables will exceed the investment value.

Vice Chairwoman Glenn suggested putting this item on next month's agenda so that the Commission could get input from Rachel Sacco. Rachel Pearson explained that the SCVB's marketing allocation last year was closer to \$40,000. It consisted mostly of local radio and newspaper impressions. Out of state marketing was concentrated in San Francisco and Denver.

COMMISSIONER ENDERS MOVED TO RECOMMEND AN ALLOCATION OF \$75,000 TO THE BASEBALL FESTIVAL THIS YEAR, WITH THE STIPULATION THAT FUTURE REQUESTS ARE MADE THROUGH THE MATCHING EVENT ADVERTISING PROGRAM. COMMISSIONER RICHARDS SECONDED. THE MOTION CARRIED BY A VOTE OF FOUR (4) TO ONE (1), WITH COMMISSIONER SCHOLEFIELD DISSENTING. COMMISSIONERS HOFFMANN AND SURGUINE WERE ABSENT.

6. Findings and Implications of the 2012 Leisure Visitor Inquiry Study

Casey Coulter, City of Scottsdale intern, reported on the findings of the 2012 Leisure Visitor Inquiry Study. The study establishes characteristics of leisure visitors who contact the SCVB for information on Scottsdale, and documents their conversion rate, which is the number of individuals that have or will visit after contacting the SCVB. This year the conversion rate was 94%, which is the highest reading to date. Overnight visitor parties spent more money this year, over \$400 per day, a rebound from \$355 in 2011. In addition, 43% of overnight visitor parties spent \$500 or more per day, which is an increase from 36% last year. The study revealed that 83% of visitors came to downtown Scottsdale, making it the third most popular activity, after dining at 95%, and shopping at 87%. There has been an increase in website use this past year.

Bruce Hernandez, Senior Vice President of Behavior Research Center, said the study surveys people who have contacted the SCVB between April 2011 and March 2012. He explained that the high conversion rate is partly attributable to committed travelers who are requesting information from the SCVB. As the economy improves, the conversion rate may decrease. Demographics are split roughly 64% male, to 36% female. This year had the oldest demographic profile, with the average age being 58. It is also a relatively affluent group, with average income at \$103,000. About 62% of visitors came from the Midwest and the West, and 20% came from the Northeast and South. The length of visit was about six days, and the overall trend has edged up slightly over the years. Average party size is three people. About 60% stay in hotels. Over 95% rated their trips either excellent or good. Only one person described it as poor. As the survey increasingly moves towards electronic information gathering, it will be easier to track international visitation trends.

Commissioner Bailey noted that museums and art galleries outranked spa visits and golf. Commissioner Richard said the study reveals a void in product offerings for children. Vice Chairwoman Glenn agreed, added that this factor is especially important if Scottsdale wants to go after the youth sports market. Mr. Katsenes said staff works to make Scottsdale a lodging destination for youth sports tournaments in the Valley. The city is in the early stages of establishing economic, educational, and tourism ties with British Columbia. Mr. Hernandez acknowledged that the study under represents day trippers.

7. SCVB First Quarter Performance Measures Report

Rachel Pearson, Vice President of Community & Government Affairs for the SCVB, stated that a new golf campaign, launched this past quarter, has already generated great interest. Its associated website is ilovescottsdalegolf.com.

This is the first year in a three-year holiday campaign. The associated website is scottsdaleholidayexperience.com. Particular focus is being placed on driving additional visitation from the Canadian market. A new adventure print ad has been launched along with a new desert discovery guide. The SCVB website has a new, more responsive design. The SCVB hosted a client event as part of the Calgary Stampede, successfully making new contacts in the Canadian market. Another effort connected with clients in San Francisco to promote the upcoming spring training season. For the ninth year in a row, the SCVB will host the Travel Classics West Writer's Conference, which attracts the top editors in the country. First quarter performance measures are on track to meet or exceed all goals.

8. Identification of Future Agenda Items

Vice Chairwoman Glenn inquired about the East West Golf Tournament. Mr. Geiogamah reported that staff is waiting for deliverables related to the marketing plan.

Commissioner Scholefield requested an update on the hospitality trolley. Mr. Millar reported that City Council authorized \$110,000 with \$60,000 coming from the private

sector. Contracts have been secured for \$50,000, and two more contracts are expected to increase the total to \$59,000. Three other offers are out. Some potential sponsors have yet to finalize their advertising budgets since it is so early. The entire sponsorship process would benefit from a revamp in future years. The SCVB is planning a banner program to promote the trolley.

The Commission requested monthly updates on the TNEC. Mr. Geiogamah noted that the next meeting is scheduled for November 20, but could be moved to an earlier date.

9. Public Comment

There were no public comments.

10. Adjournment

The meeting adjourned at 9:46 a.m.

Respectfully submitted,
A/V Tronics, Inc. DBA AVTranz.